

CITY OF ABBEVILLE, LOUISIANA

Financial Statements

Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mark Piazza, Mayor
 And Members of the City Council
 City of Abbeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Abbeville, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units would have been reported as \$645,000, \$347,000, \$299,000, \$465,000, and \$412,000, respectively. In addition, the assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information would have increased by \$623,000, \$347,000, \$276,000, \$465,000, and \$408,000, respectively.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Abbeville, Louisiana, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Abbeville, Louisiana, as of December 31, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Abbeville, Louisiana, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress for the employees' health insurance program after retirement on pages 46 – 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Abbeville, Louisiana's basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements, and comparative departmental analysis of utility fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014, on our consideration of the City of Abbeville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Abbeville, Louisiana's internal control over financial reporting and compliance.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 10, 2014

BASIC FINANCIAL STATEMENTS:
GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

CITY OF ABBEVILLE, LOUISIANA

Statement of Net Position

December 31, 2013

With Comparative Totals for December 31, 2012

| | Governmental Activities | Business-Type Activities | Total | 2012 Totals |
|---|----------------------------|-----------------------------|----------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and interest-bearing deposits | \$ 2,897,820 | \$ 649,275 | \$ 3,547,095 | \$ 3,269,803 |
| Receivables, net | 515,239 | 2,270,226 | 2,785,465 | 2,830,847 |
| Due from other governmental units | 40,371 | - | 40,371 | 62,835 |
| Inventory-materials and supplies, at cost | 3,818 | 286,425 | 290,243 | 249,629 |
| Total current assets | <u>3,457,248</u> | <u>3,205,926</u> | <u>6,663,174</u> | <u>6,413,114</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Cash and interest-bearing deposits | - | 1,545,742 | 1,545,742 | 1,596,680 |
| Capital assets, net | 17,735,003 | 14,184,163 | 31,919,166 | 33,005,472 |
| Total noncurrent assets | <u>17,735,003</u> | <u>15,729,905</u> | <u>33,464,908</u> | <u>34,602,152</u> |
| Total assets | <u>21,192,251</u> | <u>18,935,831</u> | <u>40,128,082</u> | <u>41,015,266</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts and other payables | 407,941 | 1,036,695 | 1,444,636 | 1,260,939 |
| Capital lease payable | - | - | - | 37,071 |
| Bonds payable, due within one year | 373,000 | - | 373,000 | 362,000 |
| Total current liabilities | <u>780,941</u> | <u>1,036,695</u> | <u>1,817,636</u> | <u>1,660,010</u> |
| Noncurrent liabilities: | | | | |
| Capital lease payable | - | - | - | 39,295 |
| Compensated absences | 495,545 | - | 495,545 | 549,394 |
| Customers deposits | - | 893,013 | 893,013 | 864,387 |
| OPEB obligations | 9,797,589 | 2,449,398 | 12,246,987 | 11,520,688 |
| Bonds payable, due in more than one year | 3,425,000 | - | 3,425,000 | 3,798,000 |
| Total noncurrent liabilities | <u>13,718,134</u> | <u>3,342,411</u> | <u>17,060,545</u> | <u>16,771,764</u> |
| Total liabilities | <u>14,499,075</u> | <u>4,379,106</u> | <u>18,878,181</u> | <u>18,431,774</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 17,081,003 | 14,184,163 | 31,265,166 | 32,182,105 |
| Unrestricted | (10,387,827) | 372,562 | (10,015,265) | (9,598,613) |
| Total net position | <u>\$ 6,693,176</u> | <u>\$ 14,556,725</u> | <u>\$ 21,249,901</u> | <u>\$ 22,583,492</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Statement of Activities
Year Ended December 31, 2013

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|--|---------------|--|--|--|---|-----------------------------|----------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 2,230,311 | \$ 583,141 | \$ 83,123 | \$ 67,939 | \$ (1,496,108) | \$ - | \$ (1,496,108) |
| Public safety: | | | | | | | |
| Police | 3,440,680 | 121,368 | 52,255 | - | (3,267,057) | - | (3,267,057) |
| Fire | 3,332,282 | - | 170,034 | 220,000 | (2,942,248) | - | (2,942,248) |
| Highways and streets | 1,982,279 | - | 24,300 | - | (1,957,979) | - | (1,957,979) |
| Culture and recreation | 493,238 | 47,122 | - | - | (446,116) | - | (446,116) |
| Interest on long-term debt | 65,356 | - | - | - | (65,356) | - | (65,356) |
| Total governmental activities | 11,544,146 | 751,631 | 329,712 | 287,939 | (10,174,864) | - | (10,174,864) |
| Business-type activities: | | | | | | | |
| Electric | 11,991,737 | 16,055,055 | - | - | - | 4,063,318 | 4,063,318 |
| Water | 1,679,503 | 1,650,868 | - | - | - | (28,635) | (28,635) |
| Sewer | 1,692,895 | 1,638,201 | - | 64,909 | - | 10,215 | 10,215 |
| Total business-type activities | 15,364,135 | 19,344,124 | - | 64,909 | - | 4,044,898 | 4,044,898 |
| Total | \$ 26,908,281 | \$ 20,095,755 | \$ 329,712 | \$ 352,848 | (10,174,864) | 4,044,898 | (6,129,966) |
| General revenues: | | | | | | | |
| Taxes - | | | | | | | |
| Property taxes, levied for general purposes | | | | | 318,765 | - | 318,765 |
| Property taxes, levied for sewer improvement | | | | | 79,695 | - | 79,695 |
| Sales and use taxes, levied for general purposes | | | | | 3,622,015 | - | 3,622,015 |
| Payment in lieu of taxes | | | | | 6,689 | - | 6,689 |
| Franchise and chain store taxes | | | | | 221,221 | - | 221,221 |
| Interest and investment earnings | | | | | 8,646 | 9,509 | 18,155 |
| LEPA refund | | | | | - | 213,281 | 213,281 |
| Miscellaneous | | | | | 316,554 | - | 316,554 |
| Transfers | | | | | 4,693,179 | (4,693,179) | - |
| Total general revenues and transfers | | | | | 9,266,764 | (4,470,389) | 4,796,375 |
| Change in net position | | | | | (908,100) | (425,491) | (1,333,591) |
| Net position - December 31, 2012 | | | | | 7,601,276 | 14,982,216 | 22,583,492 |
| Net position - December 31, 2013 | | | | | \$ 6,693,176 | \$ 14,556,725 | \$ 21,249,901 |

The accompanying notes are an integral part of the basic financial statements.

BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Sales Tax Fund –

To account for the receipt and use of proceeds of the City's one and one-quarter percent sales and use tax. These taxes are dedicated to the following purposes: constructing, acquiring, improving, and maintaining police and fire department stations and equipment; garbage and waste disposal facilities; streets, sidewalks, and drainage facilities; sewer and sewerage disposal works; park facilities; and paying a portion of the salaries and benefits of City employees.

Enterprise Fund

Utility Fund –

To account for the provision of electric, water, and sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF ABBEVILLE, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2013
With Comparative Totals for December 31, 2012

| ASSETS | General Fund | Sales Tax Fund | Other Governmental Funds | Totals (Memorandum Only) 2013 | 2012 |
|--|---------------------|---------------------|--------------------------------|-------------------------------------|---------------------|
| Cash and interest-bearing deposits | \$ 827,227 | \$ 978,288 | \$ 528,664 | \$ 2,334,179 | \$ 2,278,460 |
| Receivables: | | | | | |
| Taxes | 29,148 | 294,139 | 13,304 | 336,591 | 390,897 |
| Franchise fees | 160,637 | - | - | 160,637 | 155,762 |
| Other | 15,857 | - | - | 15,857 | 13,162 |
| Due from other funds | - | 4,196 | - | 4,196 | - |
| Due from other governments | 36,175 | - | 4,196 | 40,371 | 62,835 |
| Inventory | 3,818 | - | - | 3,818 | 6,402 |
| Total assets | <u>\$ 1,072,862</u> | <u>\$ 1,276,623</u> | <u>\$ 546,164</u> | <u>\$ 2,895,649</u> | <u>\$ 2,907,518</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 67,968 | \$ 16,079 | \$ - | \$ 84,047 | \$ 138,660 |
| Accrued salaries | 90,439 | - | - | 90,439 | 67,006 |
| Other accrued liabilities | 75,517 | - | - | 75,517 | 69,468 |
| Due to other funds | - | - | 4,196 | 4,196 | - |
| Total liabilities | <u>233,924</u> | <u>16,079</u> | <u>4,196</u> | <u>254,199</u> | <u>275,134</u> |
| Fund balances: | | | | | |
| Nonspendable - inventory | 3,818 | - | - | 3,818 | 6,402 |
| Restricted for economic development | - | - | 75,061 | 75,061 | 60,920 |
| Restricted for youth recreation | - | - | - | - | 5,239 |
| Restricted for fire protection | - | - | 83,821 | 83,821 | 107,358 |
| Restricted for sewer improvement | - | - | 50,619 | 50,619 | 78,512 |
| Restricted for salaries of public safety employees | - | 64,794 | - | 64,794 | 60,315 |
| Restricted for salaries and benefits | - | 234,864 | - | 234,864 | 232,443 |
| Restricted for capital outlay | - | 960,886 | - | 960,886 | 943,660 |
| Assigned for debt service | - | - | 332,467 | 332,467 | 323,442 |
| Unassigned | 835,120 | - | - | 835,120 | 814,093 |
| Total fund balances | <u>838,938</u> | <u>1,260,544</u> | <u>541,968</u> | <u>2,641,450</u> | <u>2,632,384</u> |
| Total liabilities and fund balances | <u>\$ 1,072,862</u> | <u>\$ 1,276,623</u> | <u>\$ 546,164</u> | <u>\$ 2,895,649</u> | <u>\$ 2,907,518</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2013

| | | |
|--|------------------|---------------------|
| Total fund balances for governmental funds at December 31, 2013 | | \$ 2,641,450 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 808,529 | |
| Buildings, net of \$1,296,803 accumulated depreciation | 2,140,082 | |
| Infrastructure, net of \$24,068,246 accumulated depreciation | 8,361,412 | |
| Equipment, furniture, and fixtures net of \$3,308,952 accumulated depreciation | 2,059,822 | |
| Improvements other than buildings, net of \$12,639,504 accumulated depreciation | <u>4,365,158</u> | 17,735,003 |
| Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of: | | |
| Bonds payable | (3,798,000) | |
| Compensated absences | (495,545) | |
| OPEB obligations | (9,797,589) | |
| Accrued interest payable | <u>(20,835)</u> | (14,111,969) |
| Net position of the Internal Service Funds | | <u>428,692</u> |
| Total net position of governmental activities at December 31, 2013 | | <u>\$ 6,693,176</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

| | General Fund | Sales Tax Fund | Other Governmental Funds | Totals (Memorandum Only) | |
|--|--------------------|---------------------|--------------------------------|-----------------------------|---------------------|
| | | | | 2013 | 2012 |
| Revenues: | | | | | |
| Taxes | \$ 336,844 | \$ 3,622,015 | \$ 169,356 | \$ 4,128,215 | \$ 3,963,361 |
| Licenses and permits | 583,141 | - | - | 583,141 | 529,126 |
| Intergovernmental | 231,294 | 27,200 | 139,157 | 397,651 | 1,355,926 |
| Fines and forfeitures | 121,368 | - | - | 121,368 | 143,667 |
| Miscellaneous | 485,587 | 2,727 | 892 | 489,206 | 487,348 |
| Total revenues | <u>1,758,234</u> | <u>3,651,942</u> | <u>309,405</u> | <u>5,719,581</u> | <u>6,479,428</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 1,680,647 | 20,047 | 82,821 | 1,783,515 | 1,765,043 |
| Public safety: | | | | | |
| Police | 2,991,832 | 24,882 | - | 3,016,714 | 3,102,065 |
| Fire | 3,034,076 | 21,113 | 369 | 3,055,558 | 2,955,072 |
| Highways and streets | 960,598 | 212,571 | - | 1,173,169 | 1,030,201 |
| Culture and recreation | 389,790 | 19,967 | - | 409,757 | 384,629 |
| Capital outlay | 31,479 | 294,611 | 149,512 | 475,602 | 1,574,848 |
| Debt service - | | | | | |
| Principal retirement | - | 76,367 | 362,000 | 438,367 | - |
| Bond issuance and legal costs | - | - | - | - | 35,421 |
| Interest and fiscal charges | - | 6,940 | 63,411 | 70,351 | 48,618 |
| Total expenditures | <u>9,088,422</u> | <u>676,498</u> | <u>658,113</u> | <u>10,423,033</u> | <u>10,895,897</u> |
| Excess (deficiency) of revenues over expenditures | <u>(7,330,188)</u> | <u>2,975,444</u> | <u>(348,708)</u> | <u>(4,703,452)</u> | <u>(4,416,469)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from bond issuance | - | - | - | - | 2,961,000 |
| Proceeds from capital lease | - | - | - | - | 76,367 |
| Transfers in | 7,349,151 | - | 483,284 | 7,832,435 | 7,839,233 |
| Transfers out | <u>(520)</u> | <u>(2,951,318)</u> | <u>(168,079)</u> | <u>(3,119,917)</u> | <u>(5,999,979)</u> |
| Total other financing sources (uses) | <u>7,348,631</u> | <u>(2,951,318)</u> | <u>315,205</u> | <u>4,712,518</u> | <u>4,876,621</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 18,443 | 24,126 | (33,503) | 9,066 | 460,152 |
| Fund balances, beginning | <u>820,495</u> | <u>1,236,418</u> | <u>575,471</u> | <u>2,632,384</u> | <u>2,172,232</u> |
| Fund balances, ending | <u>\$ 838,938</u> | <u>\$ 1,260,544</u> | <u>\$ 541,968</u> | <u>\$ 2,641,450</u> | <u>\$ 2,632,384</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2013

| | | |
|--|--------------------|------------------|
| Total net changes in fund balances at December 31, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balances | \$ | 9,066 |
| The change in net position reported for governmental activities in the statement of activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances | \$ | 475,602 |
| Depreciation expense for the year ended December 31, 2013 | <u>(1,446,649)</u> | (971,047) |
| Add: Contribution of capital asset by parish government | | 220,000 |
| The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| | | 438,367 |
| Less: Net loss of the Self-Insurance Internal Service Fund | | (82,290) |
| Add: Excess of compensated absences used over compensated absences earned | | 53,849 |
| Less: OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | | |
| | | (581,039) |
| Less: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis | | |
| | <u>4,995</u> | |
| Total changes in net position at December 31, 2013 per Statement of Activities | <u>\$</u> | <u>(908,100)</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Net Position
Proprietary Funds
December 31, 2013 and 2012

| | Business-type Activities - Enterprise Fund | | Governmental Activities - Internal Service Funds | |
|---|---|----------------------|---|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and interest-bearing deposits | \$ 649,275 | \$ 362,847 | \$ 563,641 | \$ 628,496 |
| Receivables: | | | | |
| Accounts | 1,322,622 | 1,293,436 | - | - |
| Unbilled utility receivables | 947,604 | 961,294 | - | - |
| Other | - | - | 2,154 | 16,296 |
| Inventory - materials and supplies, at cost | 286,425 | 243,227 | - | - |
| Total current assets | <u>3,205,926</u> | <u>2,860,804</u> | <u>565,795</u> | <u>644,792</u> |
| Noncurrent assets: | | | | |
| Restricted assets - | | | | |
| Cash and interest-bearing deposits | 1,545,742 | 1,596,680 | - | - |
| Capital assets, net of accumulated depreciation | 14,184,163 | 14,519,422 | - | - |
| Total noncurrent assets | <u>15,729,905</u> | <u>16,116,102</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>18,935,831</u> | <u>18,976,906</u> | <u>565,795</u> | <u>644,792</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 979,564 | 774,871 | 137,103 | 133,810 |
| Accrued salaries payable | 49,008 | 43,642 | - | - |
| Other accrued liabilities | 8,123 | 7,652 | - | - |
| Total current liabilities | <u>1,036,695</u> | <u>826,165</u> | <u>137,103</u> | <u>133,810</u> |
| Noncurrent liabilities: | | | | |
| Customers' deposits | 893,013 | 864,387 | - | - |
| OPEB obligations | 2,449,398 | 2,304,138 | - | - |
| Total noncurrent liabilities | <u>3,342,411</u> | <u>3,168,525</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>4,379,106</u> | <u>3,994,690</u> | <u>137,103</u> | <u>133,810</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 14,184,163 | 14,519,422 | - | - |
| Unrestricted | 372,562 | 462,794 | 428,692 | 510,982 |
| Total net position | <u>\$ 14,556,725</u> | <u>\$ 14,982,216</u> | <u>\$ 428,692</u> | <u>\$ 510,982</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Years Ended December 31, 2013 and 2012

| | Business-type Activities- Enterprise Fund | | Governmental Activities - Internal Service Funds | |
|---|--|----------------------|---|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Operating revenues: | | | | |
| Charges for services | \$ 18,963,495 | \$ 17,388,713 | \$ 2,047,960 | \$ 2,024,173 |
| Other | <u>380,629</u> | <u>342,579</u> | <u>80,725</u> | <u>35,048</u> |
| Total operating revenues | <u>19,344,124</u> | <u>17,731,292</u> | <u>2,128,685</u> | <u>2,059,221</u> |
| Operating expenses: | | | | |
| Electric department | 11,721,565 | 10,246,264 | - | - |
| Water department | 1,424,667 | 1,611,024 | - | - |
| Sewerage department | 1,261,826 | 1,411,683 | - | - |
| Depreciation | 936,738 | 911,848 | - | - |
| Self insurance expenses | <u>-</u> | <u>-</u> | <u>2,214,262</u> | <u>1,952,521</u> |
| Total operating expenses | <u>15,344,796</u> | <u>14,180,819</u> | <u>2,214,262</u> | <u>1,952,521</u> |
| Operating income (loss) | <u>3,999,328</u> | <u>3,550,473</u> | <u>(85,577)</u> | <u>106,700</u> |
| Nonoperating revenues (expenses): | | | | |
| Interest income | 9,509 | 6,341 | 3,287 | 3,297 |
| Interest expense | - | (36,208) | - | - |
| State grant revenues | 64,909 | 91,493 | - | - |
| LEPA refund/Gain from insurance proceeds | <u>213,281</u> | <u>114,468</u> | <u>-</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>287,699</u> | <u>176,094</u> | <u>3,287</u> | <u>3,297</u> |
| Income (loss) before contributions and transfers | <u>4,287,027</u> | <u>3,726,567</u> | <u>(82,290)</u> | <u>109,997</u> |
| Transfers in (out): | | | | |
| Transfers in | 731,445 | 3,637,053 | - | - |
| Transfers out | <u>(5,443,963)</u> | <u>(5,476,307)</u> | <u>-</u> | <u>-</u> |
| Total transfers in (out) | <u>(4,712,518)</u> | <u>(1,839,254)</u> | <u>-</u> | <u>-</u> |
| Change in net position | (425,491) | 1,887,313 | (82,290) | 109,997 |
| Net position, beginning | <u>14,982,216</u> | <u>13,094,903</u> | <u>510,982</u> | <u>400,985</u> |
| Net position, ending | <u>\$ 14,556,725</u> | <u>\$ 14,982,216</u> | <u>\$ 428,692</u> | <u>\$ 510,982</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Funds
Years Ended December 31, 2013 and 2012

| | Business-type Activities - Enterprise Fund | | Governmental Activities - Internal Service Funds | |
|---|---|---------------------|---|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 18,947,999 | \$ 17,242,307 | \$ - | \$ - |
| Receipts from interfund services provided | - | - | 2,047,960 | 2,024,173 |
| Payments to suppliers | (12,011,007) | (10,410,245) | (2,210,969) | (2,054,237) |
| Payments to employees | (2,084,459) | (2,231,410) | - | - |
| Other receipts | 380,629 | 342,579 | 94,867 | 67,907 |
| Net cash provided (used) by operating activities | <u>5,233,162</u> | <u>4,943,231</u> | <u>(68,142)</u> | <u>37,843</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfers from other funds | 731,445 | 1,197,053 | - | - |
| Transfers to other funds | <u>(5,443,963)</u> | <u>(5,476,307)</u> | <u>-</u> | <u>-</u> |
| Net cash used by noncapital financing activities | <u>(4,712,518)</u> | <u>(4,279,254)</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | |
| Net proceeds of meter deposits | 28,626 | 73,163 | - | - |
| State grants | 64,909 | 91,493 | - | - |
| LEPA refund/Insurance proceeds | 213,281 | 121,636 | - | - |
| Interest paid on bonds | - | (36,208) | - | - |
| Acquisition of property, plant and equipment | <u>(601,479)</u> | <u>(617,816)</u> | <u>-</u> | <u>-</u> |
| Net cash used by capital and related financing activities | <u>(294,663)</u> | <u>(367,732)</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities: | | | | |
| Interest on investments | <u>9,509</u> | <u>6,341</u> | <u>3,287</u> | <u>3,297</u> |
| Net cash provided by investing activities | <u>9,509</u> | <u>6,341</u> | <u>3,287</u> | <u>3,297</u> |
| Net increase (decrease) in cash and cash equivalents | 235,490 | 302,586 | (64,855) | 41,140 |
| Cash and cash equivalents, beginning of year | <u>1,959,527</u> | <u>1,656,941</u> | <u>628,496</u> | <u>587,356</u> |
| Cash and cash equivalents, end of year | <u>\$ 2,195,017</u> | <u>\$ 1,959,527</u> | <u>\$ 563,641</u> | <u>\$ 628,496</u> |

(continued)

The accompanying notes are an integral part of the basic financial statements

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Funds (Continued)
Years Ended December 31, 2013 and 2012

| | Business-type Activities - Enterprise Fund | | Governmental Activities - Internal Service Funds | |
|---|---|---------------------|---|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 3,999,328 | \$ 3,550,473 | \$ (85,577) | \$ 106,700 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 936,738 | 911,848 | - | - |
| Changes in current assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (15,496) | (146,406) | - | - |
| (Increase) decrease in other receivables | - | - | 14,142 | 32,859 |
| (Increase) decrease in inventory | (43,198) | (27,142) | - | - |
| (Increase) decrease in bond issue costs | - | 18,600 | - | - |
| Increase (decrease) in accounts payable | 204,693 | 38,190 | 3,293 | (101,716) |
| Increase (decrease) in accrued salaries payable | 5,366 | 2,327 | - | - |
| Increase (decrease) in other accrued liabilities | 471 | (18,716) | - | - |
| Increase (decrease) in OPEB obligations | <u>145,260</u> | <u>614,057</u> | <u>-</u> | <u>-</u> |
| Net cash provided (used) by operating activities | <u>\$ 5,233,162</u> | <u>\$ 4,943,231</u> | <u>\$ (68,142)</u> | <u>\$ 37,843</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet: | | | | |
| Cash and cash equivalents, beginning of year - | | | | |
| Cash and interest-bearing deposits - unrestricted | \$ 362,847 | \$ 719,417 | \$ 628,496 | \$ 587,356 |
| Cash and interest-bearing deposits - restricted | <u>1,596,680</u> | <u>937,524</u> | <u>-</u> | <u>-</u> |
| Total cash and cash equivalents | <u>1,959,527</u> | <u>1,656,941</u> | <u>628,496</u> | <u>587,356</u> |
| Cash and cash equivalents, end of year - | | | | |
| Cash and interest-bearing deposits - unrestricted | 649,275 | 362,847 | 563,641 | 628,496 |
| Cash and interest-bearing deposits - restricted | <u>1,545,742</u> | <u>1,596,680</u> | <u>-</u> | <u>-</u> |
| Total cash and cash equivalents | <u>2,195,017</u> | <u>1,959,527</u> | <u>563,641</u> | <u>628,496</u> |
| Net increase (decrease) in cash and cash equivalents | <u>\$ 235,490</u> | <u>\$ 302,586</u> | <u>\$ (64,855)</u> | <u>\$ 41,140</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Statement of Fiduciary Net Position
December 31, 2013
With Comparative Totals for December 31, 2012

| | Agency Funds | |
|------------------------------------|---------------|---------------|
| | 2013 | 2012 |
| ASSETS | | |
| Cash and interest-bearing deposits | \$ 70,164 | \$ 73,837 |
| LIABILITIES | | |
| Due to others | <u>70,164</u> | <u>73,837</u> |
| NET POSITION | | |
| Total net position | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Abbeville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial Reporting Entity

The City was incorporated on March 13, 1850, by a special charter and operates under a Mayor-Council form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

These financial statements present only the financial activity of the City of Abbeville, the primary government. They do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the City of Abbeville, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's internal service funds are a governmental activity. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the City.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the City are described below:

Governmental Funds -

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax special revenue fund accounts for the proceeds of a one and one-quarter percent sales and use tax that is legally restricted to expenditures for specific purposes.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise fund is the Utility Fund.

Internal service funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City's internal service fund is the Employee Health Insurance Fund.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Allocation of indirect expenses

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities

Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Investments

Under state law the City may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2013, an allowance for ad valorem taxes was considered unnecessary due to immateriality.

The City uses the direct write-off method for customers' utility receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items.

Inventories

Inventory of the Utility Fund consists of supplies and parts that are valued at weighted average cost. Inventory of the General Fund consists of gas, diesel and oil, at the motor pool barn, that is valued at weighted average cost.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| | |
|---------------------------------|-------------|
| Buildings | 40-50 years |
| Equipment | 5-10 years |
| Utility system and improvements | 5-40 years |
| Infrastructure | 20-50 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility system customer's meter deposits and certain bond proceeds designated for electric, water and sewer system improvements.

Compensated Absences

All employees in the classified service shall receive one day of sick leave for each calendar month of service up to a maximum of 180 days. On December 31 of each year the unused accumulated sick leave earned by an employee shall be carried forward to the succeeding year. All accumulated sick leave shall be forfeited upon termination of employment, except in the case of retirement. Retirees are compensated for any unused sick leave at the hourly rate being earned by the employee at retirement.

For all employees, up to 1/3 of the earned, but unused, vacation leave shall be credited to the employee's sick leave account. Any remaining vacation leave shall be carried to the following year. Upon termination of employment, the employee shall be paid for unused vacation. In case of death of the employee, unused vacation shall be paid to the beneficiary of the employee.

For fund financial statements, earned vacation leave and accumulated sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the fund that will pay it. In the government-wide statements, amounts of vested or accumulated sick leave that are not expected to be liquidated with expendable available financial resources are recorded as noncurrent liabilities.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net other post-employment benefit obligations

In accordance with the transition rules of GASB Statement No. 45, the City has elected to apply its measurement and recognition requirement on a prospective basis. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the City plus or minus ARC adjustments and interest. The ARC is calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at December 31, 2013 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified inventory and prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which the constraints that have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the members of the City Council of Abbeville, which is the entity's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City of Abbeville did not have any committed resources as of year end.
- **Assigned:** This classification includes amounts that are constrained by the City of Abbeville's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the City Council of Abbeville. The City has assigned resources in the debt service funds for the payment of principal and interest on outstanding debt.
- **Unassigned:** This classification is the residual fund balance of the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When fund balance resources are available for a specific purpose in multiple classifications, the City of Abbeville will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the City of Abbeville reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|------------------------------|---|
| Sales tax | See Note 11 |
| Ad valorem tax (1.33 mills) | City sewer facilities |
| VPPJ fire prevention revenue | Construction, acquisition, improvement, and maintenance of fire department facilities |

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Mayor prepares a proposed operating budget for the fiscal year and submits it to the City Council not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general fund and each special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the City Council.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

We have evaluated events subsequent to the balance sheet date through June 10, 2014, the date the financial statements were available to be issued.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2013, taxes of 6.65 mills were levied on property with assessed valuations totaling \$61,033,100 and were dedicated as follows:

| | |
|----------------------------|-------------------|
| General corporate purposes | 5.32 mills |
| Public improvement (sewer) | <u>1.33 mills</u> |
| Total | <u>6.65 mills</u> |

Total taxes levied were \$398,460. Taxes receivable at December 31, 2013 were \$36,437.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2013, the City has cash and interest-bearing deposits (book balances) totaling \$5,163,001 as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Fiduciary</u> | <u>Total</u> |
|-----------------------|------------------------------------|-------------------------------------|------------------|---------------------|
| Demand deposits | \$ 203,745 | \$ 20,492 | \$ - | \$ 224,237 |
| Money market accounts | 2,279,075 | 1,274,525 | 70,164 | 3,623,764 |
| Time deposits | <u>415,000</u> | <u>900,000</u> | <u>-</u> | <u>1,315,000</u> |
| | <u>\$ 2,897,820</u> | <u>\$ 2,195,017</u> | <u>\$ 70,164</u> | <u>\$ 5,163,001</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) of \$5,329,833 at December 31, 2013, are secured as follows:

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

| | |
|---------------------------------|---------------------|
| Federal deposit insurance | \$ 724,237 |
| Pledged securities (Category 3) | <u>5,751,056</u> |
| Total | <u>\$ 6,475,293</u> |

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 RECEIVABLES

Receivables at December 31, 2013 totaling \$2,785,465 consist of the following:

| | General | Sales Tax | Other Governmental | Utility | Health Insurance | Total |
|------------------|------------------|------------------|-----------------------|--------------------|---------------------|--------------------|
| Accounts | \$ - | \$ - | \$ - | \$1,322,622 | \$ - | \$1,322,622 |
| Unbilled utility | - | - | - | 947,604 | - | 947,604 |
| Taxes: | | | | | | |
| Ad valorem | 29,148 | - | 7,289 | - | - | 36,437 |
| Sales | - | 294,139 | 6,015 | - | - | 300,154 |
| Franchise fees | 160,637 | - | - | - | - | 160,637 |
| Other | <u>15,857</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,154</u> | <u>18,011</u> |
| Totals | <u>\$205,642</u> | <u>\$294,139</u> | <u>\$ 13,304</u> | <u>\$2,270,226</u> | <u>\$ 2,154</u> | <u>\$2,785,465</u> |

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at December 31, 2013:

| | |
|---|------------------|
| City Court of Abbeville for court fines and witness fees | \$ 20,110 |
| Vermilion Parish School Board for resource officer | 2,444 |
| Abbeville Public Housing Authority for payment in lieu of taxes | 6,689 |
| State of Louisiana for beer taxes | 6,932 |
| State of Louisiana for airport grant | <u>4,196</u> |
| Total | <u>\$ 40,371</u> |

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

| | Balance 12/31/12 | Additions | Deletions | Balance 12/31/13 |
|--|----------------------|---------------------|---------------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 808,529 | \$ - | \$ - | \$ 808,529 |
| Other capital assets: | | | | |
| Buildings | 3,436,885 | - | - | 3,436,885 |
| Infrastructure | 32,380,879 | 48,779 | - | 32,429,658 |
| Equipment, furniture and fixtures | 4,813,173 | 581,201 | 25,600 | 5,368,774 |
| Improvements other than buildings | 16,941,890 | 65,622 | 2,850 | 17,004,662 |
| Totals | <u>58,381,356</u> | <u>695,602</u> | <u>28,450</u> | <u>59,048,508</u> |
| Less accumulated depreciation | | | | |
| Buildings | 1,210,391 | 86,412 | - | 1,296,803 |
| Infrastructure | 23,432,543 | 635,703 | - | 24,068,246 |
| Equipment, furniture and fixtures | 3,021,237 | 313,315 | 25,600 | 3,308,952 |
| Improvements other than buildings | 12,231,135 | 411,219 | 2,850 | 12,639,504 |
| Total accumulated depreciation | <u>39,895,306</u> | <u>1,446,649</u> | <u>28,450</u> | <u>41,313,505</u> |
| Governmental activities, capital assets, net | <u>\$ 18,486,050</u> | <u>\$ (751,047)</u> | <u>\$ -</u> | <u>\$ 17,735,003</u> |
| | Balance 12/31/12 | Additions | Deletions | Balance 12/31/13 |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 70,929 | \$ - | \$ - | \$ 70,929 |
| Other capital assets: | | | | |
| Electric system | 11,272,948 | 33,899 | - | 11,306,847 |
| Water system | 10,255,178 | 18,546 | - | 10,273,724 |
| Sewer system | 16,476,730 | 529,915 | - | 17,006,645 |
| Building, machinery and equipment | 1,748,692 | 19,119 | - | 1,767,811 |
| Totals | <u>39,824,477</u> | <u>601,479</u> | <u>-</u> | <u>40,425,956</u> |
| Less accumulated depreciation | | | | |
| Electric system | 8,286,815 | 228,135 | - | 8,514,950 |
| Water system | 6,180,021 | 220,856 | - | 6,400,877 |
| Sewer system | 9,602,987 | 398,628 | - | 10,001,615 |
| Building, machinery and equipment | 1,235,232 | 89,119 | - | 1,324,351 |
| Total accumulated depreciation | <u>25,305,055</u> | <u>936,738</u> | <u>-</u> | <u>26,241,793</u> |
| Business-type activities, capital assets, net | <u>\$ 14,519,422</u> | <u>\$ (335,259)</u> | <u>\$ -</u> | <u>\$ 14,184,163</u> |

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|---------------------|
| General government | \$ 296,602 |
| Police | 158,339 |
| Fire | 158,764 |
| Streets | 757,439 |
| Culture and recreation | <u>75,505</u> |
| Total depreciation expense | <u>\$ 1,446,649</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|----------|-------------------|
| Electric | \$ 263,783 |
| Water | 247,591 |
| Sewer | <u>425,364</u> |
| | <u>\$ 936,738</u> |

NOTE 7 RESTRICTED ASSETS - PROPRIETARY FUND TYPE (UTILITY FUND)

Restricted assets consisted of the following at December 31, 2013:

| | |
|--|---------------------|
| Customers' deposits | \$ 893,013 |
| Refunding bond proceeds designated for utility system improvements | 546,085 |
| Utility system reserve account | <u>106,644</u> |
| | <u>\$ 1,545,742</u> |

NOTE 8 ACCOUNTS, SALARIES, AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2013:

| | Governmental Activities | Business-type Activities | Total |
|------------------------------|----------------------------|-----------------------------|---------------------|
| Accounts payable | \$ 84,047 | \$ 979,564 | \$ 1,063,611 |
| Accrued salaries | 90,439 | 49,008 | 139,447 |
| Internal service fund claims | 137,103 | - | 137,103 |
| Accrued interest | 20,835 | - | 20,835 |
| Other liabilities | <u>75,517</u> | <u>8,123</u> | <u>83,640</u> |
| Totals | <u>\$ 407,941</u> | <u>\$ 1,036,695</u> | <u>\$ 1,444,636</u> |

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 9 CHANGES IN LONG TERM DEBT

The following is a summary of governmental activities bonds, business-type activities bonds, capital lease obligations, and compensated absences transactions of the City for the year ended December 31, 2013:

| | <u>General Obligations</u> | <u>Capital lease Obligations</u> | <u>Compensated Absences</u> | <u>Total</u> |
|--------------------------------------|--------------------------------|--------------------------------------|---------------------------------|--------------------|
| Long-term debt, December 31, 2012 | \$4,160,000 | \$ 76,367 | \$ 549,394 | \$4,785,761 |
| Additions | - | - | - | - |
| Retirements | <u>(362,000)</u> | <u>(76,367)</u> | <u>(53,849)</u> | <u>(492,216)</u> |
| Long-term debt, December 31, 2013 | <u>\$3,798,000</u> | <u>\$ -</u> | <u>\$ 495,545</u> | <u>\$4,293,545</u> |

Governmental activities debt at December 31, 2013 is comprised of the following individual issue:

| | |
|--|---------------------|
| Revenue Refunding Bonds, Series 2012, due in annual installments of \$362,000 - \$474,000 through March 1, 2022; bearing interest at 0.50 - 2.25 percent per annum, secured by excess annual revenues. | <u>\$ 3,798,000</u> |
|--|---------------------|

The assets acquired through the capital lease in the amount of \$117,595 are included in the equipment, furniture, and fixtures category of capital assets and the related accumulated depreciation is \$23,519. Amortization expense on the capital lease is included in depreciation expense.

The debt service requirements for these obligations are as follows:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | |
|-------------------------------------|--------------------------------|--------------------------|
| | <u>Bond Principal</u> | <u>Bond Interest</u> |
| 2014 | \$ 373,000 | \$ 61,387 |
| 2015 | 384,000 | 58,924 |
| 2016 | 396,000 | 55,996 |
| 2017 | 408,000 | 52,372 |
| 2018 | 421,000 | 45,596 |
| 2019-2022 | <u>1,816,000</u> | <u>83,230</u> |
| Total | <u>\$ 3,798,000</u> | <u>\$ 357,505</u> |

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. These retirement systems provide retirement, disability, and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

Municipal Employees Retirement System of Louisiana (System)

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average compensation for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy - Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary and the City is required to contribute based on an actuarially determined rate. The rate for 2013 was 8.00% of annual covered payroll through June and 8.75% thereafter. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2013, 2012, and 2011 were \$172,779, \$159,774, and \$138,876, respectively, equal to the required contributions for each year.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by calling the Municipal Police Employees Retirement System of Louisiana, (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute based on an actuarially determined rate. The rate for 2013 was 31.0% of covered payroll throughout the year. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2013, 2012, and 2011 were \$381,949, \$373,869, and \$360,768, respectively, equal to the required contributions for each year.

Firefighters' Retirement System of Louisiana

Plan Description - Membership in the Louisiana Firefighters' Retirement System is mandatory for full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rates for 2013 were 24.0% of covered payroll through June and 28.5% of covered payroll thereafter. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2013, 2012 and 2011 were \$411,387, \$358,348, and \$335,618, respectively, equal to the required contributions for each year.

NOTE 11 DEDICATION OF PROCEEDS - SALES AND USE TAX

The proceeds of the One and One Quarter percent sales and use tax levied by the City are dedicated for the following purposes:

One half of one percent sales and use tax (2013 - \$1,448,806; 2012 - \$1,391,827) for opening, constructing, paving, resurfacing and improving streets, alleys, sidewalks, sewers, lighting and power plants; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for the public works buildings improvements and facilities in the City.

One half of one percent sales and use tax (2013 - \$1,448,806; 2012 - \$1,391,827) for paying a portion of the salaries and benefits of City employees.

One quarter of one percent sales and use tax (2013 - \$724,403; 2012 - \$695,914) shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 12 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City maintains one enterprise fund with three departments that provide electricity, water, and sewerage services. Segment information for the year ended December 31, 2013 follows:

| | <u>Electric</u> | <u>Water</u> | <u>Sewerage</u> | <u>Total</u> |
|--------------------------|----------------------|---------------------|---------------------|----------------------|
| Operating revenues | <u>\$ 16,055,055</u> | <u>\$ 1,650,868</u> | <u>\$ 1,638,201</u> | <u>\$ 19,344,124</u> |
| Operating expenses: | | | | |
| Depreciation | 263,783 | 247,591 | 425,364 | 936,738 |
| Other | <u>11,721,564</u> | <u>1,424,668</u> | <u>1,261,826</u> | <u>14,408,058</u> |
| Total operating expenses | <u>11,985,347</u> | <u>1,672,259</u> | <u>1,687,190</u> | <u>15,344,796</u> |
| Operating income (loss) | <u>\$ 4,069,708</u> | <u>\$ (21,391)</u> | <u>\$ (48,989)</u> | <u>\$ 3,999,328</u> |

NOTE 13 COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the Mayor and Council for the year ended December 31, 2013 follows:

| | |
|--|-------------------|
| Mark Piazza, Mayor | \$ 67,000 |
| Francis Plaisance, Councilman-at-large | 16,725 |
| Wayne Landry, Councilman | 15,400 |
| R. Brady Broussard, Jr., Councilman | 15,400 |
| Francis Touchet, Councilman | 15,400 |
| Louis J. Hardy, Councilman | 15,400 |
| | <u>\$ 145,325</u> |

NOTE 14 INTERNAL SERVICE FUND

The City has established a partially self-funded internal service fund to accumulate monies for the payment of health care claims of the City employees and their dependents. An integral part of this self-funded health insurance program is the procurement of both specific and aggregate Stop-Loss insurance. The City's self-insured retention is \$60,000 per covered individual.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS

Plan Description – The City of Abbeville's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by one of several retirement systems: the Municipal Employees' Retirement System of Louisiana (MERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; the Municipal Police Retirement System of Louisiana (MPERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; the Firefighters' Retirement System of Louisiana (FRS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. Complete plan provisions are included in the official plan documents.

Life insurance coverage is available to retirees and the average blended rate (active and retired) is \$0.444 per \$1,000 of insurance. The employer pays 100% of the "cost" of the retiree life insurance, but it is based on the blended rate and there is therefore an implied employer subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Retiree insurance coverage amounts are a flat \$10,000, reducing to \$5,000 at age 70 1/2.

Contribution Rates – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2008, the City of Abbeville recognized the cost of providing post-employment medical and life insurance benefits (the City of Abbeville's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013 and 2012, the City of Abbeville's portion of health care and life insurance funding cost for retired employees totaled \$260,092 and \$493,435, respectively.

Effective January 1, 2008, the City of Abbeville implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The City of Abbeville's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

| | 2013 | 2012 |
|------------------------------------|--------------|--------------|
| Normal cost | \$ 575,275 | \$ 1,549,824 |
| 30-year UAL amortization amount | 623,096 | 2,204,601 |
| Annual required contribution (ARC) | \$ 1,198,371 | \$ 3,754,425 |

Net Post-employment Benefit Obligation (Asset) – The table below shows the City of Abbeville’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31:

| | 2013 | 2012 |
|-----------------------------------|---------------|---------------|
| Beginning Net OPEB Obligation | \$ 11,520,688 | \$ 8,450,401 |
| Annual required contribution | 1,198,371 | 3,754,425 |
| Interest on Net OPEB Obligation | 460,828 | 338,016 |
| ARC Adjustment | (672,808) | (528,719) |
| OPEB Cost | 986,391 | 3,563,722 |
| Contribution to Irrevocable Trust | - | - |
| Current year retiree premium | (260,092) | (493,435) |
| Change in Net OPEB Obligation | 726,299 | 3,070,287 |
| Ending Net OPEB Obligation | \$ 12,246,987 | \$ 11,520,688 |

The following table shows the City of Abbeville’s annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual Cost Contributed | Net OPEB Liability (Asset) |
|-------------------|------------------|---------------------------------------|----------------------------|
| December 31, 2013 | \$ 986,391 | 22.24% | \$ 12,246,987 |
| December 31, 2012 | \$ 3,563,722 | 13.80% | \$ 11,520,688 |

Funded Status and Funding Progress – In 2013 and 2012, the City of Abbeville made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on actuarial valuation the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013 was \$12,884,454 which is defined as that portion, as determined by a particular actuarial cost method (the City of Abbeville uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

| | 2013 | 2012 |
|---|---------------|---------------|
| Actuarial Accrued Liability (AAL) | \$ 12,884,454 | \$ 32,894,015 |
| Actuarial Value of Plan Assets (AVP) | - | - |
| Unfunded Act. Accrued Liability (UAAL) | \$ 12,884,454 | \$ 32,894,015 |
| Funded Ratio (AVP/AAL) | 0.00% | 0.00% |
| Covered Payroll (active plan members) | \$ 5,668,254 | \$ 5,628,526 |
| UAAL as a percentage of covered payroll | 439.93% | 627.19% |

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Abbeville and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Abbeville and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Abbeville and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

Post employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence upon retirement at three years after D.R.O.P. entry, which, in turn, has been assumed to be the later of 27 years of service or age 57 and 10 years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical, dental and life insurance for the retirees and dependents. Since blended rates (active and retired) were provided, unblended rates applicable both before and after Medicare eligibility were estimated and were used pursuant to GASB 45's mandate. It was estimated that the pre-Medicare retiree rates were 130% of the blended rate and post-Medicare rates were 80% of the blended rate.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

| | OPEB Costs and Contributions | | |
|--|------------------------------|--------------|------------|
| | FY 2011 | FY 2012 | FY 2013 |
| OPEB Cost | \$ 3,461,347 | \$ 3,563,722 | \$ 986,391 |
| Contribution | - | - | - |
| Retiree premium | 457,983 | 493,435 | 260,092 |
| Total contribution and premium | 457,983 | 493,435 | 260,092 |
| Change in net OPEB obligation | \$ 3,003,364 | \$ 3,070,287 | \$ 726,299 |
| % of contribution to cost | 0.00% | 0.00% | 0.00% |
| % of contribution plus premium to cost | 13.23% | 13.85% | 26.37% |

NOTE 16 INTERFUND TRANSFERS

Interfund transfers consist of the following at December 31, 2013:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| Governmental funds: | | |
| General fund | \$ 7,349,151 | \$ 520 |
| Special revenue funds: | | |
| Sales Tax Special Revenue Fund | - | 2,951,318 |
| Public Improvement - Sewer Fund | - | 107,695 |
| Maintenance and Operation - Fire Department Fund | 520 | 60,384 |
| Debt service funds: | | |
| 2012 Revenue Refunding Bonds Fund | 433,984 | - |
| Capital projects funds: | | |
| 2013 LCDBG Street Overlay Fund | 48,780 | - |
| Total governmental funds | 7,832,435 | 3,119,917 |
| Proprietary funds: | | |
| Enterprise Fund | - | 4,712,518 |
| Total | \$ 7,832,435 | \$ 7,832,435 |

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 16 INTERFUND TRANSFERS (CONTINUED)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 CONTRACT FOR ELECTRIC POWER – ENTERPRISE FUND

On August 17, 2010 the City entered into an electric power supply agreement with CLECO. This agreement, which was originally effective from January 1, 2011 through December 31, 2014, provided the City with variable market based rates of electric power with increasing rate steps over the life of the agreement. However, on December 11, 2012 City officials decided to exercise an early termination provision of the contract to shorten the contract to a period ending on December 31, 2013.

Accordingly, the City has entered into a new agreement with Exelon Generation Company, LLC for electric power supply service. This agreement is effective from January 1, 2014 through May 31, 2017.

NOTE 18 COMMITMENTS AND CONTINGENCIES

Litigation

Reserves for claims losses are established and recorded as liabilities when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City's legal counsel has reviewed the claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits that an unfavorable outcome would materially affect the financial statements. Also, the City may be exposed to losses for which the amounts cannot be determined at this time.

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Utility Relocation Grants

In prior years, the City utilized federal funding under Act 319 to pay its share of the cost to relocate electric, water, and sewer facilities to accommodate the expansion of Highway 14. As part of the funding agreement the City is prohibited from locating additional longitudinal facilities within any right-of-way owned by the State of Louisiana until the City reimburses the Department of Transportation the full amount of costs expended on the City's behalf, which amounted to \$590,359

NOTE 19 SUBSEQUENT EVENTS

On February 18, 2014, the City of Abbeville adopted a resolution seeking preliminary approval for the issuance of up to \$3,000,000 of Sales Tax Revenue Bonds for the purpose of constructing, acquiring, or improving various works of permanent public improvement and paying the costs of issuance of the Bonds.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | Variance - Positive (Negative) | 2012 Actual |
|---|--------------------|--------------------|--------------------|--------------------------------------|--------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes | \$ 331,000 | \$ 336,000 | \$ 336,844 | \$ 844 | \$ 332,526 |
| Licenses and permits | 527,000 | 578,000 | 583,141 | 5,141 | 529,126 |
| Intergovernmental | 187,000 | 236,500 | 231,294 | (5,206) | 247,688 |
| Fines and forfeitures | 100,000 | 80,000 | 121,368 | 41,368 | 143,667 |
| Miscellaneous | <u>475,000</u> | <u>449,500</u> | <u>485,587</u> | <u>36,087</u> | <u>480,954</u> |
| Total revenues | <u>1,620,000</u> | <u>1,680,000</u> | <u>1,758,234</u> | <u>78,234</u> | <u>1,733,961</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 1,649,000 | 1,666,500 | 1,680,647 | (14,147) | 1,664,404 |
| Public safety: | | | | | |
| Police | 3,061,500 | 3,005,500 | 2,991,832 | 13,668 | 3,074,926 |
| Fire | 3,074,000 | 3,057,000 | 3,034,076 | 22,924 | 2,943,744 |
| Highways and streets | 920,000 | 965,000 | 960,598 | 4,402 | 861,121 |
| Culture and recreation | 396,000 | 396,000 | 389,790 | 6,210 | 376,514 |
| Capital outlay | <u>21,500</u> | <u>33,000</u> | <u>31,479</u> | <u>1,521</u> | <u>17,556</u> |
| Total expenditures | <u>9,122,000</u> | <u>9,123,000</u> | <u>9,088,422</u> | <u>34,578</u> | <u>8,938,265</u> |
| Deficiency of revenues over expenditures | <u>(7,502,000)</u> | <u>(7,443,000)</u> | <u>(7,330,188)</u> | <u>112,812</u> | <u>(7,204,304)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds of bond issuance | - | - | - | - | 2,961,000 |
| Transfers in | 7,451,000 | 7,470,000 | 7,349,151 | (120,849) | 7,190,039 |
| Transfers out | <u>-</u> | <u>-</u> | <u>(520)</u> | <u>(520)</u> | <u>(2,961,000)</u> |
| Total other financing sources (uses) | <u>7,451,000</u> | <u>7,470,000</u> | <u>7,348,631</u> | <u>(121,369)</u> | <u>7,190,039</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | (51,000) | 27,000 | 18,443 | (8,557) | (14,265) |
| Fund balance, beginning | <u>820,495</u> | <u>820,495</u> | <u>820,495</u> | <u>-</u> | <u>834,760</u> |
| Fund balance, ending | <u>\$ 769,495</u> | <u>\$ 847,495</u> | <u>\$ 838,938</u> | <u>\$ (8,557)</u> | <u>\$ 820,495</u> |

CITY OF ABBEVILLE, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | Variance - | 2012 |
|--|-------------|-------------|-------------|------------|-------------|
| | Budget | | | Positive | Actual |
| | Original | Final | Actual | (Negative) | |
| Revenues: | | | | | |
| Sales tax | \$3,425,000 | \$3,605,000 | \$3,622,015 | \$ 17,015 | \$3,479,568 |
| Intergovernmental - federal, state, local | 34,000 | 27,000 | 27,200 | 200 | 132,105 |
| Miscellaneous - interest and other | 2,000 | 2,000 | 2,727 | 727 | 5,636 |
| Total revenues | 3,461,000 | 3,634,000 | 3,651,942 | 17,942 | 3,617,309 |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 10,000 | 14,000 | 20,047 | (6,047) | 8,182 |
| Public safety: | | | | | |
| Police | 18,000 | 18,000 | 24,882 | (6,882) | 27,139 |
| Fire | 25,000 | 30,000 | 21,113 | 8,887 | 11,328 |
| Highways and streets | 200,000 | 242,000 | 212,571 | 29,429 | 169,080 |
| Culture and recreation | 35,000 | 30,000 | 19,967 | 10,033 | 8,115 |
| Capital outlay | 544,000 | 277,000 | 294,611 | (17,611) | 467,783 |
| Debt service - | | | | | |
| Principal | 37,000 | 37,000 | 76,367 | (39,367) | - |
| Interest | 5,000 | 5,000 | 6,940 | (1,940) | - |
| Total expenditures | 874,000 | 653,000 | 676,498 | (23,498) | 691,627 |
| Excess of revenues over expenditures | 2,587,000 | 2,981,000 | 2,975,444 | (5,556) | 2,925,682 |
| Other financing sources (uses): | | | | | |
| Proceeds of capital lease | - | - | - | - | 76,367 |
| Transfers out - | | | | | |
| General Fund - | | | | | |
| Salaries | (690,000) | (720,000) | (720,000) | - | (720,000) |
| Retirement | (568,000) | (577,000) | (578,685) | (1,685) | (435,566) |
| Health insurance | (593,000) | (593,000) | (592,800) | 200 | (592,800) |
| Capital outlay and other costs | - | (6,000) | (6,422) | (422) | (787) |
| Debt Service Fund | (366,000) | (373,000) | (373,600) | (600) | (323,978) |
| Capital Projects Funds | (9,000) | (50,000) | (48,780) | 1,220 | (229,105) |
| Utility Fund - | | | | | |
| Retirement | (90,000) | (90,000) | (87,958) | 2,042 | (86,836) |
| Health insurance | (187,000) | (187,000) | (187,200) | (200) | (187,200) |
| Debt service | - | - | - | - | (114,435) |
| Capital outlay and other costs | (210,000) | (394,000) | (355,873) | 38,127 | (100,353) |
| Total other financing sources (uses) | (2,713,000) | (2,990,000) | (2,951,318) | 38,682 | (2,714,693) |
| Excess (deficiency) of revenues and other sources over expenditures and other financing uses | (126,000) | (9,000) | 24,126 | 33,126 | 210,989 |
| Fund balance, beginning | 1,236,418 | 1,236,418 | 1,236,418 | - | 1,025,429 |
| Fund balance, ending | \$1,110,418 | \$1,227,418 | \$1,260,544 | \$ 33,126 | \$1,236,418 |

CITY OF ABBEVILLE, LOUISIANA
POST RETIREMENT BENEFITS

Schedule of Funding Progress for the Employees'
Health Insurance Program After Retirement
Year Ended December 31, 2013

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded AAL | Funded Ratio | Covered Payroll (Total) | UAAL as a Percentage of Payroll |
|--------------------------------|---------------------------------|-----------------------------------|-----------------|-----------------|-------------------------------|---------------------------------------|
| 1/1/2008 | \$ - | \$ 19,217,507 | \$ 19,217,507 | 0.00% | \$ 5,761,164 | 333.57% |
| 1/1/2009 | \$ - | \$ 20,684,957 | \$ 20,684,957 | 0.00% | \$ 5,426,874 | 381.16% |
| 1/1/2010 | \$ - | \$ 22,140,724 | \$ 22,140,724 | 0.00% | \$ 5,693,845 | 388.85% |
| 1/1/2011 | \$ - | \$ 32,894,015 | \$ 32,894,015 | 0.00% | \$ 5,737,270 | 573.34% |
| 1/1/2012 | \$ - | \$ 35,301,616 | \$ 35,301,616 | 0.00% | \$ 5,628,526 | 627.19% |
| 1/1/2013 | \$ - | \$ 12,884,454 | \$ 12,884,454 | 0.00% | \$ 5,668,254 | 227.31% |

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Revenues
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|---|-------------|-------------|-------------|--|----------------|
| | Budget | | Actual | Variance - Favorable (Unfavorable) | 2012 Actual |
| | Original | Final | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 310,000 | \$ 317,000 | \$ 318,765 | \$ 1,765 | \$ 313,325 |
| Housing authority payment in lieu of taxes | 10,000 | 8,000 | 6,689 | (1,311) | 8,361 |
| Chain store | 11,000 | 11,000 | 11,390 | 390 | 10,840 |
| Total taxes | 331,000 | 336,000 | 336,844 | 844 | 332,526 |
| Licenses and permits: | | | | | |
| Occupational licenses | 480,000 | 516,000 | 515,591 | (409) | 477,895 |
| Beer and liquor licenses | 21,000 | 19,000 | 22,588 | 3,588 | 18,390 |
| Building and other permits | 26,000 | 43,000 | 44,962 | 1,962 | 32,841 |
| Total licenses and permits | 527,000 | 578,000 | 583,141 | 5,141 | 529,126 |
| Intergovernmental: | | | | | |
| Vermilion Parish Police Jury/School Board - | | | | | |
| Fire insurance tax | 65,000 | 75,000 | 74,894 | (106) | 64,626 |
| Resource officer | 29,000 | 29,000 | 29,091 | 91 | 46,881 |
| State of Louisiana - | | | | | |
| Beer taxes | 28,000 | 28,000 | 28,087 | 87 | 28,366 |
| State grants | 60,000 | 61,000 | 55,848 | (5,152) | 57,169 |
| Federal - | | | | | |
| FEMA | - | 28,000 | 27,936 | (64) | 33,015 |
| Police department grants | 5,000 | 15,500 | 15,438 | (62) | 17,631 |
| Total intergovernmental | 187,000 | 236,500 | 231,294 | (5,206) | 247,688 |
| Fines and forfeitures | 100,000 | 80,000 | 121,368 | 41,368 | 143,667 |
| Miscellaneous: | | | | | |
| Rental income | 96,000 | 96,500 | 102,191 | 5,691 | 97,570 |
| Franchise fees - Reliant | 75,000 | 60,000 | 62,611 | 2,611 | 59,612 |
| Franchise fees - Cable TV | 71,000 | 72,000 | 73,720 | 1,720 | 72,365 |
| Franchise fees - Bell South | 30,000 | 27,000 | 26,513 | (487) | 28,680 |
| Franchise fees - La Competitive | 5,000 | 6,000 | 7,200 | 1,200 | 7,090 |
| Franchise fees - Entergy | 33,000 | 34,000 | 39,787 | 5,787 | 33,428 |
| Interest income | - | 1,000 | 1,740 | 740 | 483 |
| Witness fees | 30,000 | 20,000 | 20,535 | 535 | 42,871 |
| Youth recreation revenues | 52,000 | 44,500 | 47,122 | 2,622 | 43,998 |
| Other sources | 83,000 | 88,500 | 104,168 | 15,668 | 94,857 |
| Total miscellaneous | 475,000 | 449,500 | 485,587 | 36,087 | 480,954 |
| Total revenues | \$1,620,000 | \$1,680,000 | \$1,758,234 | \$ 78,234 | \$1,733,961 |

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | Variance - | |
|----------------------------------|------------|------------|------------|---------------|------------|
| | Budget | | | Favorable | 2012 |
| | Original | Final | Actual | (Unfavorable) | Actual |
| General government: | | | | | |
| Administrative - | | | | | |
| Salaries | \$ 317,500 | \$ 317,500 | \$ 317,344 | \$ 156 | \$ 301,806 |
| Employees' insurance | 170,000 | 167,000 | 166,118 | 882 | 169,091 |
| Payroll taxes | 25,000 | 25,000 | 24,557 | 443 | 24,820 |
| Retirement | 20,000 | 20,500 | 19,751 | 749 | 24,115 |
| General insurance | 42,000 | 42,000 | 44,042 | (2,042) | 43,135 |
| Equipment operating expense | 20,000 | 20,000 | 20,241 | (241) | 20,891 |
| Dues and subscriptions | 3,000 | 3,000 | 3,391 | (391) | 3,778 |
| Janitorial | 12,000 | 12,000 | 10,895 | 1,105 | 10,795 |
| Legal and accounting | 142,000 | 142,000 | 140,470 | 1,530 | 129,771 |
| Maintenance and repairs | 14,000 | 14,000 | 15,644 | (1,644) | 13,259 |
| Other professional fees | 46,000 | 58,000 | 65,850 | (7,850) | 56,676 |
| Travel and convention expenses | 4,000 | 4,000 | 4,297 | (297) | 6,032 |
| Office supplies | 22,500 | 22,500 | 24,080 | (1,580) | 23,631 |
| Postage | 12,500 | 12,500 | 10,200 | 2,300 | 10,499 |
| Publications | 30,000 | 30,000 | 31,060 | (1,060) | 30,052 |
| Telephone | 24,000 | 24,000 | 23,339 | 661 | 24,178 |
| Rents | 7,500 | 7,500 | 7,200 | 300 | 7,200 |
| Utilities | 13,000 | 13,000 | 13,411 | (411) | 12,205 |
| Employee drug testing | 2,500 | 2,500 | 583 | 1,917 | 2,493 |
| Coroner's fees | 2,500 | 2,000 | - | 2,000 | 145 |
| Security guard | 24,000 | 24,000 | 23,800 | 200 | 12,700 |
| Main Street and related projects | 28,000 | 65,000 | 60,871 | 4,129 | 60,342 |
| Miscellaneous | 24,500 | 24,500 | 37,288 | (12,788) | 38,349 |
| Total administrative | 1,006,500 | 1,052,500 | 1,064,432 | (11,932) | 1,025,963 |
| Airport expenses - | | | | | |
| Salaries | 18,000 | 17,000 | 16,609 | 391 | 16,574 |
| Payroll taxes | 1,500 | 1,500 | 1,311 | 189 | 1,263 |
| Safety director | 6,000 | 6,000 | 6,000 | - | 6,000 |
| Utilities and telephone | 14,000 | 14,000 | 16,877 | (2,877) | 11,974 |
| Equipment operating expense | 6,000 | 4,000 | 6,227 | (2,227) | 5,922 |
| Repairs and maintenance | 8,000 | 12,500 | 7,298 | 5,202 | 6,882 |
| Professional services | 12,000 | 12,000 | 20,473 | (8,473) | 22,279 |
| Supplies | 9,000 | 9,000 | 12,181 | (3,181) | 10,948 |
| Miscellaneous | 1,500 | 2,000 | 2,286 | (286) | 900 |
| Total airport | 76,000 | 78,000 | 89,262 | (11,262) | 82,742 |
| (continued) | | | | | |

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|--------------------------------|------------|------------|------------|----------------------------|------------|
| | Budget | | | Variance - | 2012 |
| | Original | Final | Actual | Favorable (Unfavorable) | Actual |
| City Court - | | | | | |
| Salaries | \$ 152,000 | \$ 141,000 | \$ 138,839 | \$ 2,161 | \$ 147,577 |
| Employees' insurance | 109,000 | 103,000 | 102,636 | 364 | 106,993 |
| Payroll taxes | 12,000 | 10,500 | 10,205 | 295 | 11,042 |
| Retirement | 19,000 | 20,000 | 19,713 | 287 | 18,945 |
| General insurance | 18,000 | 18,000 | 18,209 | (209) | 17,926 |
| Equipment operating expense | 6,000 | 8,000 | 8,500 | (500) | 7,901 |
| Repair and maintenance | 2,000 | 2,000 | 707 | 1,293 | 2,364 |
| Utilities | 4,000 | 4,000 | 4,389 | (389) | 4,149 |
| Witness fees | 34,000 | 20,000 | 18,050 | 1,950 | 30,850 |
| Legal | 48,000 | 48,000 | 48,000 | - | 48,000 |
| Miscellaneous | 1,000 | 500 | 787 | (287) | 546 |
| Total city court | 405,000 | 375,000 | 370,035 | 4,965 | 396,293 |
| Tax & Licenses - | | | | | |
| Salaries | 60,000 | 60,000 | 58,700 | 1,300 | 57,712 |
| Employees' insurance | 18,000 | 18,000 | 18,084 | (84) | 18,084 |
| Payroll taxes | 4,500 | 4,500 | 4,483 | 17 | 4,275 |
| Retirement | 4,500 | 4,500 | 4,884 | (384) | 4,599 |
| Postage | 3,000 | 3,000 | 2,751 | 249 | 2,759 |
| Supplies | 10,000 | 10,000 | 13,436 | (3,436) | 9,800 |
| Miscellaneous | 1,000 | 1,000 | 650 | 350 | 1,556 |
| Total motor pool | 101,000 | 101,000 | 102,988 | (1,988) | 98,785 |
| Civil Service - | | | | | |
| Salaries | 30,500 | 24,000 | 21,873 | 2,127 | 27,490 |
| Employees' insurance | 11,000 | 11,000 | 9,404 | 1,596 | 11,238 |
| Payroll taxes | 2,300 | 2,000 | 1,642 | 358 | 1,991 |
| Retirement | 2,200 | 2,500 | 1,911 | 589 | 2,190 |
| Supplies | 2,000 | 2,500 | - | 2,500 | 3,045 |
| Publications and subscriptions | - | - | 432 | (432) | - |
| Medical services | 9,000 | 12,000 | 10,225 | 1,775 | 11,967 |
| Legal fees | 3,000 | 5,000 | 7,820 | (2,820) | 2,700 |
| Miscellaneous | 500 | 1,000 | 623 | 377 | - |
| Total civil service | 60,500 | 60,000 | 53,930 | 6,070 | 60,621 |
| Total general government | 1,649,000 | 1,666,500 | 1,680,647 | (14,147) | 1,664,404 |

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|-----------------------------|--------------|--------------|--------------|-------------------------|--------------|
| | Budget | | | Variance - Favorable | 2012 |
| | Original | Final | Actual | (Unfavorable) | Actual |
| Public Safety: | | | | | |
| Police - | | | | | |
| Salaries | \$ 1,498,500 | \$ 1,453,500 | \$ 1,447,865 | \$ 5,635 | \$ 1,514,891 |
| Employees' insurance | 496,500 | 496,500 | 494,144 | 2,356 | 492,109 |
| Payroll taxes | 26,000 | 26,000 | 25,554 | 446 | 26,026 |
| Retirement | 405,000 | 385,000 | 381,949 | 3,051 | 373,869 |
| General insurance | 213,000 | 211,000 | 209,739 | 1,261 | 210,879 |
| Equipment operating expense | 190,000 | 200,000 | 209,224 | (9,224) | 221,440 |
| Uniforms | 20,000 | 20,000 | 15,636 | 4,364 | 18,074 |
| Supplies | 45,000 | 45,000 | 44,456 | 544 | 42,225 |
| Membership dues | 8,000 | 8,000 | 6,433 | 1,567 | 8,545 |
| Prisoner housing | 50,000 | 50,000 | 52,096 | (2,096) | 46,045 |
| Utilities | 15,000 | 15,000 | 14,805 | 195 | 13,909 |
| Telephone | 32,000 | 32,000 | 30,682 | 1,318 | 31,451 |
| Dog expenses | 5,000 | 5,000 | 1,707 | 3,293 | 6,456 |
| DARE program | 5,000 | 5,000 | 5,467 | (467) | 4,707 |
| Schools and convention | 15,000 | 15,000 | 7,727 | 7,273 | 15,270 |
| Professional fees | 22,000 | 22,500 | 25,663 | (3,163) | 26,985 |
| Miscellaneous | 15,500 | 16,000 | 18,685 | (2,685) | 22,045 |
| Total police | 3,061,500 | 3,005,500 | 2,991,832 | 13,668 | 3,074,926 |
| Fire - | | | | | |
| Salaries | 1,749,000 | 1,670,000 | 1,653,547 | 16,453 | 1,621,057 |
| Employees' insurance | 498,000 | 507,000 | 507,920 | (920) | 499,382 |
| Payroll taxes | 138,000 | 138,000 | 137,258 | 742 | 137,788 |
| Retirement | 357,000 | 400,000 | 411,387 | (11,387) | 358,348 |
| General insurance | 147,000 | 151,000 | 142,593 | 8,407 | 143,470 |
| Equipment operating expense | 56,000 | 56,000 | 50,425 | 5,575 | 64,573 |
| Uniforms | 16,000 | 16,000 | 16,648 | (648) | 12,384 |
| Supplies | 44,000 | 49,000 | 43,245 | 5,755 | 37,878 |
| Utilities | 20,000 | 20,000 | 23,683 | (3,683) | 19,717 |
| Telephone | 6,000 | 6,000 | 4,122 | 1,878 | 8,098 |
| Maintenance and repairs | 4,000 | 4,000 | 5,151 | (1,151) | 1,810 |
| Professional services | 8,000 | 4,000 | 2,680 | 1,320 | 7,005 |
| Schools and conventions | 20,000 | 20,000 | 20,175 | (175) | 15,713 |
| Miscellaneous | 11,000 | 16,000 | 15,242 | 758 | 16,521 |
| Total fire | 3,074,000 | 3,057,000 | 3,034,076 | 22,924 | 2,943,744 |
| Total public safety | 6,135,500 | 6,062,500 | 6,025,908 | 36,592 | 6,018,670 |
| | | | | | (continued) |

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|-------------------------------|----------------|----------------|----------------|----------------------------|----------------|
| | Budget | | | Variance - | 2012 |
| | Original | Final | Actual | Favorable (Unfavorable) | Actual |
| Highways and Streets: | | | | | |
| Salaries | \$ 255,000 | \$ 257,000 | \$ 258,774 | \$ (1,774) | \$ 220,879 |
| Employees' insurance | 96,000 | 109,000 | 108,852 | 148 | 92,914 |
| Payroll taxes | 19,000 | 19,000 | 19,677 | (677) | 16,091 |
| Retirement | 17,000 | 18,000 | 19,559 | (1,559) | 15,633 |
| General insurance | 149,000 | 148,000 | 148,450 | (450) | 153,327 |
| Equipment operating expense | 64,000 | 64,000 | 67,209 | (3,209) | 73,850 |
| Utilities and telephone | 18,000 | 23,000 | 23,055 | (55) | 14,893 |
| Professional services | 2,500 | 2,500 | 1,893 | 607 | 370 |
| Maintenance of grass | 136,000 | 136,000 | 135,364 | 636 | 118,750 |
| Small tools and supplies | 8,500 | 8,500 | 7,761 | 739 | 18,641 |
| Maintenance materials | 58,000 | 89,000 | 82,979 | 6,021 | 44,939 |
| Electricity for street lights | 86,000 | 80,000 | 76,626 | 3,374 | 81,281 |
| Uniforms | 5,000 | 5,000 | 4,528 | 472 | 4,105 |
| Miscellaneous | <u>6,000</u> | <u>6,000</u> | <u>5,871</u> | <u>129</u> | <u>5,448</u> |
| Total highways and streets | <u>920,000</u> | <u>965,000</u> | <u>960,598</u> | <u>4,402</u> | <u>861,121</u> |
| Culture and Recreation: | | | | | |
| Parks - | | | | | |
| Salaries | 110,000 | 110,000 | 108,604 | 1,396 | 107,640 |
| Employees' insurance | 18,000 | 18,000 | 16,004 | 1,996 | 16,244 |
| Payroll taxes | 8,000 | 8,000 | 8,308 | (308) | 8,195 |
| Retirement | 6,000 | 6,500 | 6,346 | 154 | 6,191 |
| General insurance | 21,000 | 14,000 | 13,278 | 722 | 19,211 |
| Equipment operating expenses | 10,000 | 12,000 | 14,485 | (2,485) | 11,826 |
| Supplies | 10,500 | 10,500 | 9,848 | 652 | 9,686 |
| Repairs and maintenance | 61,000 | 71,500 | 67,388 | 4,112 | 56,576 |
| Utilities and telephone | 65,500 | 65,500 | 70,711 | (5,211) | 65,657 |
| Security and janitorial | 39,000 | 33,000 | 27,160 | 5,840 | 34,228 |
| Youth recreation expenses | 41,000 | 41,000 | 39,843 | 1,157 | 36,904 |
| Miscellaneous | <u>6,000</u> | <u>6,000</u> | <u>7,815</u> | <u>(1,815)</u> | <u>4,156</u> |
| Total parks | <u>396,000</u> | <u>396,000</u> | <u>389,790</u> | <u>6,210</u> | <u>376,514</u> |
| (continued) | | | | | |

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | 2012 Actual |
|----------------------|---------------------|---------------------|---------------------|--|---------------------|
| | Budget | | Actual | Variance - Favorable (Unfavorable) | |
| | Original | Final | | | |
| Capital outlay: | | | | | |
| General government - | | | | | |
| Administrative | \$ 20,000 | \$ 6,500 | \$ 6,500 | \$ - | \$ - |
| Airport | - | - | - | - | 6,422 |
| Public safety - | | | | | |
| Police | <u>1,500</u> | <u>26,500</u> | <u>24,979</u> | <u>1,521</u> | <u>11,134</u> |
| Total capital outlay | <u>21,500</u> | <u>33,000</u> | <u>31,479</u> | <u>1,521</u> | <u>17,556</u> |
| Total expenditures | <u>\$ 9,122,000</u> | <u>\$ 9,123,000</u> | <u>\$ 9,088,422</u> | <u>\$ 34,578</u> | <u>\$ 8,938,265</u> |

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Other Financing Sources (Uses)
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | 2012 Actual |
|-------------------------------|---------------------|---------------------|---------------------|--|---------------------|
| | Budget | | Actual | Variance - Favorable (Unfavorable) | |
| | Original | Final | | | |
| Other financing sources: | | | | | |
| Proceeds of bond issuance - | \$ - | \$ - | \$ - | \$ - | \$ 2,961,000 |
| Transfers from other funds - | | | | | |
| Utility Fund | 5,600,000 | 5,600,000 | 5,443,963 | (156,037) | 5,440,886 |
| Sales Tax Fund | 1,851,000 | 1,870,000 | 1,905,188 | 35,188 | 1,749,153 |
| Airport Improvement Fund | - | - | - | - | - |
| Transfers to other funds - | | | | | |
| Maint & Oper Fire Dept Fund | - | - | (520) | (520) | - |
| Utility Fund | - | - | - | - | (2,961,000) |
| Total other financing sources | <u>\$ 7,451,000</u> | <u>\$ 7,470,000</u> | <u>\$ 7,348,631</u> | <u>\$ (121,369)</u> | <u>\$ 7,190,039</u> |

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2013
With comparative Totals for December 31, 2012

| | Special Revenue | Debt Service | Capital Projects | Totals | |
|--------------------------------------|--------------------|-------------------|---------------------|-------------------|-------------------|
| | | | | 2013 | 2012 |
| ASSETS | | | | | |
| Cash and interest-bearing deposits | \$ 196,197 | \$ 332,467 | \$ - | \$ 528,664 | \$ 549,966 |
| Receivables - | | | | | |
| Ad valorem taxes | 7,289 | - | - | 7,289 | 20,703 |
| Sales tax receivable | 6,015 | - | - | 6,015 | 4,802 |
| Due from other governments | - | - | 4,196 | 4,196 | - |
| Total assets | <u>\$ 209,501</u> | <u>\$ 332,467</u> | <u>\$ 4,196</u> | <u>\$ 546,164</u> | <u>\$ 575,471</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Due to other fund | \$ - | \$ - | \$ 4,196 | \$ 4,196 | \$ - |
| Total liabilities | - | - | 4,196 | 4,196 | - |
| Fund balances: | | | | | |
| Restricted for economic development | 75,061 | - | - | 75,061 | 60,920 |
| Restricted for youth recreation | - | - | - | - | 5,239 |
| Restricted for fire protection | 83,821 | - | - | 83,821 | 107,358 |
| Restricted for sewer improvement | 50,619 | - | - | 50,619 | 78,512 |
| Assigned for debt service | - | 332,467 | - | 332,467 | 323,442 |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>209,501</u> | <u>332,467</u> | <u>-</u> | <u>541,968</u> | <u>575,471</u> |
| Total liabilities and fund balances | <u>\$ 209,501</u> | <u>\$ 332,467</u> | <u>\$ 4,196</u> | <u>\$ 546,164</u> | <u>\$ 575,471</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

| | Special Revenue | Debt Service | Capital Projects | Totals | |
|--|--------------------|-------------------|---------------------|-------------------|-------------------|
| | | | | 2013 | 2012 |
| Revenues: | | | | | |
| Taxes | \$ 169,356 | \$ - | \$ - | \$ 169,356 | \$ 151,267 |
| Intergovernmental | 95,140 | - | 44,017 | 139,157 | 976,133 |
| Miscellaneous | <u>440</u> | <u>452</u> | <u>-</u> | <u>892</u> | <u>758</u> |
| Total revenues | <u>264,936</u> | <u>452</u> | <u>44,017</u> | <u>309,405</u> | <u>1,128,158</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 80,759 | - | 2,062 | 82,821 | 92,457 |
| Fire protection | 369 | - | - | 369 | - |
| Capital outlay | 58,777 | - | 90,735 | 149,512 | 1,089,509 |
| Debt service - | | | | | |
| Principal retirement | - | 362,000 | - | 362,000 | - |
| Bond issuance and legal costs | - | - | - | - | 35,421 |
| Interest and fiscal charges | <u>-</u> | <u>63,411</u> | <u>-</u> | <u>63,411</u> | <u>48,618</u> |
| Total expenditures | <u>139,905</u> | <u>425,411</u> | <u>92,797</u> | <u>658,113</u> | <u>1,266,005</u> |
| Excess (deficiency) of revenues over expenditures | <u>125,031</u> | <u>(424,959)</u> | <u>(48,780)</u> | <u>(348,708)</u> | <u>(137,847)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 520 | 433,984 | 48,780 | 483,284 | 649,194 |
| Transfers out | <u>(168,079)</u> | <u>-</u> | <u>-</u> | <u>(168,079)</u> | <u>(247,919)</u> |
| Total financing sources (uses) | <u>(167,559)</u> | <u>433,984</u> | <u>48,780</u> | <u>315,205</u> | <u>401,275</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (42,528) | 9,025 | - | (33,503) | 263,428 |
| Fund balance, beginning | <u>252,029</u> | <u>323,442</u> | <u>-</u> | <u>575,471</u> | <u>312,043</u> |
| Fund balance, ending | <u>\$ 209,501</u> | <u>\$ 332,467</u> | <u>\$ -</u> | <u>\$ 541,968</u> | <u>\$ 575,471</u> |

NONMAJOR SPECIAL REVENUE FUNDS

Public Improvement (Sewer) Fund

This fund accounts for the receipt and disbursement of ad valorem taxes dedicated to public improvement of the City's sewer facilities.

Maintenance and Operation – Fire Department Fund

This fund accounts for the receipt and disbursement of proceeds from the Vermilion Parish Police Jury to be used for the purpose of construction, acquiring, improving, and maintaining fire department facilities and equipment.

Economic Development District No. 1

This fund accounts for the receipt and disbursement of proceeds from the half cent sales and use tax within the boundaries of Economic District No. 1.

Youth Recreation Tax Fund

This fund accounts for the receipt and disbursement of proceeds from the Vermilion Parish Tourist Commission which are designated to providing funds to qualified nonprofit youth recreation organizations and for youth recreation purposes within the City of Abbeville.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2013
With Comparative Totals for December 31, 2012

| | Public Improvement Sewer Fund | Maint. and Operation - Fire Dept. Fund | Economic Development District No. 1 Fund | Youth Recreation Tax Fund | Totals | |
|--|--|---|---|------------------------------------|------------------|------------------|
| | | | | | 2013 | 2012 |
| ASSETS | | | | | | |
| Interest-bearing deposits | \$ 43,330 | \$ 83,821 | \$ 69,046 | \$ - | \$196,197 | \$226,524 |
| Receivables: | | | | | | |
| Ad valorem taxes | 7,289 | - | - | - | 7,289 | 20,703 |
| Sales tax receivable | - | - | 6,015 | - | 6,015 | 4,802 |
| Total assets | <u>\$ 50,619</u> | <u>\$ 83,821</u> | <u>\$ 75,061</u> | <u>\$ -</u> | <u>\$209,501</u> | <u>\$252,029</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - |
| Fund balances: | | | | | | |
| Restricted for economic development | - | - | 75,061 | - | 75,061 | 60,920 |
| Restricted for youth recreation | - | - | - | - | - | 5,239 |
| Restricted for fire protection | - | 83,821 | - | - | 83,821 | 107,358 |
| Restricted for sewer improvements | 50,619 | - | - | - | 50,619 | 78,512 |
| Total fund balances | <u>50,619</u> | <u>83,821</u> | <u>75,061</u> | <u>-</u> | <u>209,501</u> | <u>252,029</u> |
| Total liabilities and fund balances | <u>\$ 50,619</u> | <u>\$ 83,821</u> | <u>\$ 75,061</u> | <u>\$ -</u> | <u>\$209,501</u> | <u>\$252,029</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

| | Public Improvement Sewer Fund | Maint. and Operation - Fire Dept. Fund | Economic Development District No. 1 Fund | Youth Recreation Tax Fund | Totals | |
|--|--|---|---|------------------------------------|------------------|------------------|
| | | | | | 2013 | 2012 |
| Revenues: | | | | | | |
| Taxes | \$ 79,695 | \$ - | \$ 84,188 | \$ 5,473 | \$169,356 | \$151,267 |
| Intergovernmental | - | 95,140 | - | - | 95,140 | 111,604 |
| Other revenues | <u>107</u> | <u>333</u> | <u>-</u> | <u>-</u> | <u>440</u> | <u>407</u> |
| Total revenues | <u>79,802</u> | <u>95,473</u> | <u>84,188</u> | <u>5,473</u> | <u>264,936</u> | <u>263,278</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| General government - | | | | | | |
| Economic development | - | - | 70,047 | - | 70,047 | 71,868 |
| Local youth recreation | - | - | - | 10,712 | 10,712 | 16,464 |
| Public safety - | | | | | | |
| Fire protection | - | 369 | - | - | 369 | - |
| Capital outlay | <u>-</u> | <u>58,777</u> | <u>-</u> | <u>-</u> | <u>58,777</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>59,146</u> | <u>70,047</u> | <u>10,712</u> | <u>139,905</u> | <u>88,332</u> |
| Excess (deficiency) of revenues over expenditures | <u>79,802</u> | <u>36,327</u> | <u>14,141</u> | <u>(5,239)</u> | <u>125,031</u> | <u>174,946</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 520 | - | - | 520 | - |
| Transfers out | <u>(107,695)</u> | <u>(60,384)</u> | <u>-</u> | <u>-</u> | <u>(168,079)</u> | <u>(138,512)</u> |
| Total financing sources (uses) | <u>(107,695)</u> | <u>(59,864)</u> | <u>-</u> | <u>-</u> | <u>(167,559)</u> | <u>(138,512)</u> |
| Excess (deficiency) of revenues over expenditures and other financing uses | (27,893) | (23,537) | 14,141 | (5,239) | (42,528) | 36,434 |
| Fund balances, beginning | <u>78,512</u> | <u>107,358</u> | <u>60,920</u> | <u>5,239</u> | <u>252,029</u> | <u>215,595</u> |
| Fund balances, ending | <u>\$ 50,619</u> | <u>\$ 83,821</u> | <u>\$ 75,061</u> | <u>\$ -</u> | <u>\$209,501</u> | <u>\$252,029</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Fund
Public Improvement Sewer Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | Variance - | 2012 |
|--|--------------------|------------------|------------------|----------------------------|------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) | Actual |
| Revenues: | | | | | |
| Taxes - | | | | | |
| Ad valorem taxes | \$ 78,000 | \$ 78,000 | \$ 79,695 | \$ 1,695 | \$ 78,333 |
| Other revenues - | | | | | |
| Interest | - | - | 107 | 107 | 155 |
| Total revenues | <u>78,000</u> | <u>78,000</u> | <u>79,802</u> | <u>1,802</u> | <u>78,488</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | 78,000 | 78,000 | 79,802 | 1,802 | 78,488 |
| Other financing sources (uses): | | | | | |
| Transfers out | <u>(78,000)</u> | <u>(105,000)</u> | <u>(107,695)</u> | <u>(2,695)</u> | <u>(77,822)</u> |
| Total other financing souces (uses) | <u>(78,000)</u> | <u>(105,000)</u> | <u>(107,695)</u> | <u>(2,695)</u> | <u>(77,822)</u> |
| Excess (deficiency) of revenues over expenditures and other financing uses | - | (27,000) | (27,893) | (893) | 666 |
| Fund balance, beginning | <u>78,512</u> | <u>78,512</u> | <u>78,512</u> | - | <u>77,846</u> |
| Fund balance, ending | <u>\$ 78,512</u> | <u>\$ 51,512</u> | <u>\$ 50,619</u> | <u>\$ (893)</u> | <u>\$ 78,512</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Fund
Maintenance and Operation – Fire Department Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|--|--------------------|------------------|------------------|--|-------------------|
| | Original Budget | Final Budget | Actual | Variance - Favorable (Unfavorable) | 2012 Actual |
| Revenues: | | | | | |
| Intergovernmental - | | | | | |
| Vermilion Parish Police Jury - | | | | | |
| Fire protection | \$ 95,000 | \$ 95,000 | \$ 95,140 | \$ 140 | \$ 95,140 |
| Other - | | | | | |
| Interest and other revenue | - | - | 333 | 333 | 252 |
| Total revenues | <u>95,000</u> | <u>95,000</u> | <u>95,473</u> | <u>473</u> | <u>95,392</u> |
| Expenditures: | | | | | |
| Small tools and equipment | - | - | 369 | 369 | - |
| Capital outlay | <u>65,000</u> | <u>60,000</u> | <u>58,777</u> | <u>1,223</u> | <u>-</u> |
| Total expenditures | <u>65,000</u> | <u>60,000</u> | <u>59,146</u> | <u>1,223</u> | <u>-</u> |
| Excess of revenues over expenditures | 30,000 | 35,000 | 36,327 | 1,696 | 95,392 |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | 520 | 520 | - |
| Transfers out | <u>(60,000)</u> | <u>(60,000)</u> | <u>(60,384)</u> | <u>(384)</u> | <u>(60,690)</u> |
| Total other financing sources (uses) | <u>(60,000)</u> | <u>(60,000)</u> | <u>(59,864)</u> | <u>136</u> | <u>(60,690)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (30,000) | (25,000) | (23,537) | 1,832 | 34,702 |
| Fund balance, beginning | <u>107,358</u> | <u>107,358</u> | <u>107,358</u> | <u>-</u> | <u>72,656</u> |
| Fund balance, ending | <u>\$ 77,358</u> | <u>\$ 82,358</u> | <u>\$ 83,821</u> | <u>\$ 1,832</u> | <u>\$ 107,358</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Fund
Economic Development District No. 1 Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|---|--------------------|------------------|------------------|--|------------------|
| | Original Budget | Final Budget | Actual | Variance - Favorable (Unfavorable) | 2012 Actual |
| Revenues: | | | | | |
| Taxes - | | | | | |
| Sales taxes | \$ 75,000 | \$ 80,000 | \$ 84,188 | \$ 4,188 | \$ 72,934 |
| Other revenues - | | | | | |
| Interest | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>75,000</u> | <u>80,000</u> | <u>84,188</u> | <u>4,188</u> | <u>72,934</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government - | | | | | |
| Economic development | <u>75,000</u> | <u>70,000</u> | <u>70,047</u> | <u>(47)</u> | <u>71,868</u> |
| Total expenditures | <u>75,000</u> | <u>70,000</u> | <u>70,047</u> | <u>(47)</u> | <u>71,868</u> |
| Excess of revenues over expenditures | - | 10,000 | 14,141 | 4,141 | 1,066 |
| Fund balance, beginning | <u>60,920</u> | <u>60,920</u> | <u>60,920</u> | <u>-</u> | <u>59,854</u> |
| Fund balance, ending | <u>\$ 60,920</u> | <u>\$ 70,920</u> | <u>\$ 75,061</u> | <u>\$ 4,141</u> | <u>\$ 60,920</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Fund
Youth Recreation Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

| | 2013 | | | | |
|--|--------------------|-----------------|---------------|--|-----------------|
| | Original Budget | Final Budget | Actual | Variance - Favorable (Unfavorable) | 2012 Actual |
| Revenues: | | | | | |
| Intergovernmental - | | | | | |
| Hotel/motel sales taxes | \$ 4,000 | \$ 5,500 | \$ 5,473 | \$ (27) | \$ 16,464 |
| Other revenues - | | | | | |
| Interest | - | - | - | - | - |
| Total revenues | <u>4,000</u> | <u>5,500</u> | <u>5,473</u> | <u>(27)</u> | <u>16,464</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government - | | | | | |
| Youth recreation | <u>9,239</u> | <u>10,739</u> | <u>10,712</u> | <u>27</u> | <u>16,464</u> |
| Total expenditures | <u>9,239</u> | <u>10,739</u> | <u>10,712</u> | <u>27</u> | <u>16,464</u> |
| Excess (deficiency) of revenues over expenditures | (5,239) | (5,239) | (5,239) | - | - |
| Fund balance, beginning | <u>5,239</u> | <u>5,239</u> | <u>5,239</u> | - | <u>5,239</u> |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,239</u> |

NONMAJOR DEBT SERVICE FUND

2012 Revenue Refunding Bond Fund

This fund accumulates monies for payment of the \$4,160,000 Revenue Refunding Bonds, Series 2012. Debt service is financed by transfers from the Sales Tax Fund and the Maintenance and Operation – Fire Department Fund.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Fund
2012 Revenue Refunding Bond Fund

Balance Sheet
December 31, 2013
With Comparative Totals for December 31, 2012

| | <u>2013</u> | <u>2012</u> |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Interest - bearing deposits | <u>\$ 332,467</u> | <u>\$ 323,442</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | - | - |
| Fund balance: | | |
| Assigned for debt service | <u>332,467</u> | <u>323,442</u> |
| Total liabilities and fund balance | <u>\$ 332,467</u> | <u>\$ 323,442</u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Fund
2012 Revenue Refunding Bond Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2013
With Comparative Totals for December 31, 2012

| | <u>2013</u> | <u>2012</u> |
|---------------------------------|-------------------|-------------------|
| Revenues: | | |
| Other revenues - | | |
| Interest income | \$ 452 | \$ 351 |
| Expenditures: | | |
| Debt service - | | |
| Principal retirement | 362,000 | - |
| Bond issuance and legal costs | - | 35,421 |
| Interest and fiscal charges | <u>63,411</u> | <u>48,618</u> |
| Total expenditures | <u>425,411</u> | <u>84,039</u> |
| Deficiency of revenues | | |
| over expenditures | <u>(424,959)</u> | <u>(83,688)</u> |
| Other financing sources (uses): | | |
| Transfers in | 433,984 | 420,089 |
| Transfers out | <u>-</u> | <u>(109,407)</u> |
| Total financing sources (uses) | <u>433,984</u> | <u>310,682</u> |
| Excess of revenues and other | | |
| financing sources over | | |
| expenditures | 9,025 | 226,994 |
| Fund balance, beginning | <u>323,442</u> | <u>96,448</u> |
| Fund balance, ending | <u>\$ 332,467</u> | <u>\$ 323,442</u> |

NONMAJOR CAPITAL PROJECTS FUNDS

Airport Improvement Fund

This fund accounts for improvement projects at the Abbeville Chris Crusta Memorial Airport. Program expenditures are generally funded by federal and state grants.

2013 LCDBG Street Overlay Fund

This fund accounts for the 2013 LCDBG Street Overlay project. This street improvement project was funded by a federal grant passed through the State of Louisiana and requires local matching funds.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2013
With Comparative Totals for December 31, 2012

| | Airport Improvement Fund | 2013 LCDBG Street Overlay Fund | <u>Totals</u> | |
|-------------------------------------|--------------------------------|---|------------------------|--------------------|
| | | | <u>2013</u> | <u>2012</u> |
| ASSETS | | | | |
| Interest - bearing deposits | \$ - | \$ - | \$ - | \$ - |
| Due from other governments | <u>4,196</u> | <u>-</u> | <u>4,196</u> | <u>-</u> |
| | <u><u>\$ 4,196</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 4,196</u></u> | <u><u>\$ -</u></u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Due to other fund | <u>\$ 4,196</u> | <u>\$ -</u> | <u>\$ 4,196</u> | <u>\$ -</u> |
| Total liabilities | <u>4,196</u> | <u>-</u> | <u>4,196</u> | <u>-</u> |
| Fund balance: | | | | |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balance | <u><u>\$ 4,196</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 4,196</u></u> | <u><u>\$ -</u></u> |

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

| | Airport Improvement Fund | 2013 LCDBG Street Overlay Fund | Totals 2013 | 2012 |
|--|--------------------------------|---|--------------------|--------------------|
| Revenues: | | | | |
| Federal grants | \$ 37,759 | \$ - | \$ 37,759 | \$ 860,404 |
| State grants | <u>6,258</u> | <u>-</u> | <u>6,258</u> | <u>4,125</u> |
| Total revenues | <u>44,017</u> | <u>-</u> | <u>44,017</u> | <u>864,529</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Maintenance | 2,062 | - | 2,062 | 4,125 |
| Capital outlay - | | | | |
| Airport improvements | 41,955 | - | 41,955 | - |
| Drainage improvements | - | - | - | 296,004 |
| Street overlay improvements | <u>-</u> | <u>48,780</u> | <u>48,780</u> | <u>793,505</u> |
| Total expenditures | <u>44,017</u> | <u>48,780</u> | <u>92,797</u> | <u>1,093,634</u> |
| Excess (deficiency) of revenues over expenditures | - | (48,780) | (48,780) | (229,105) |
| Other financing sources (uses): | | | | |
| Transfers in | - | 48,780 | 48,780 | 229,105 |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total financing sources (uses) | <u>-</u> | <u>48,780</u> | <u>48,780</u> | <u>229,105</u> |
| Excess of revenues and other financing sources over and other financing uses | - | - | - | - |
| Fund balance, beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, ending | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended December 31, 2013 and 2012

| | Electric | | Water | |
|--|---------------------|---------------------|--------------------|---------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Operating revenues: | | | | |
| Charges for services | \$ 15,739,144 | \$ 14,111,623 | \$ 1,618,384 | \$ 1,653,644 |
| Other revenues | <u>315,911</u> | <u>278,016</u> | <u>32,484</u> | <u>32,579</u> |
| Total operating revenues | <u>16,055,055</u> | <u>14,389,639</u> | <u>1,650,868</u> | <u>1,686,223</u> |
| Operating expenses: | | | | |
| Salaries | 393,890 | 456,304 | 401,625 | 427,799 |
| Employees' insurance | 86,109 | 95,738 | 117,238 | 119,599 |
| OPEB expense | 30,104 | 135,588 | 40,987 | 169,382 |
| Payroll taxes | 30,700 | 34,387 | 30,793 | 31,905 |
| Retirement | 23,659 | 25,816 | 25,435 | 24,356 |
| General insurance | 78,765 | 79,054 | 61,038 | 61,337 |
| Equipment operating expense | 51,714 | 72,120 | 29,441 | 24,633 |
| Maintenance and repairs - systems | 291,053 | 354,143 | 122,596 | 116,571 |
| Electricity for pumps | - | - | 1,283 | 1,632 |
| Utilities | - | - | 147,979 | 148,531 |
| Materials, tools and supplies | 56,716 | 32,064 | 167,263 | 174,584 |
| Electric power purchased | 10,336,331 | 8,519,713 | - | - |
| LEPA study costs | - | 47,396 | - | - |
| Office expense, postage and computer processing | - | - | - | - |
| Bad debts and collection fees | - | - | - | - |
| Miscellaneous | 16,566 | 20,288 | 34,521 | 30,457 |
| Depreciation | 228,135 | 226,366 | 220,856 | 215,542 |
| Allocation of general and administrative expenses | <u>361,605</u> | <u>410,925</u> | <u>271,204</u> | <u>308,193</u> |
| Total operating expenses | <u>11,985,347</u> | <u>10,509,902</u> | <u>1,672,259</u> | <u>1,854,521</u> |
| Operating income (loss) | <u>\$ 4,069,708</u> | <u>\$ 3,879,737</u> | <u>\$ (21,391)</u> | <u>\$ (168,298)</u> |

| Sewerage | | General and Administrative | | Totals | |
|--------------------|---------------------|-------------------------------|--------------------|---------------------|---------------------|
| 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| \$ 1,605,967 | \$ 1,623,446 | \$ - | \$ - | \$ 18,963,495 | \$ 17,388,713 |
| 32,234 | 31,984 | - | - | 380,629 | 342,579 |
| <u>1,638,201</u> | <u>1,655,430</u> | <u>-</u> | <u>-</u> | <u>19,344,124</u> | <u>17,731,292</u> |
| 306,927 | 335,715 | 358,798 | 363,682 | 1,461,240 | 1,583,500 |
| 84,170 | 91,207 | 127,981 | 127,036 | 415,498 | 433,580 |
| 29,426 | 129,172 | 44,743 | 179,915 | 145,260 | 614,057 |
| 23,742 | 25,059 | 27,704 | 27,335 | 112,939 | 118,686 |
| 23,546 | 20,563 | 27,979 | 27,120 | 100,619 | 97,855 |
| 51,666 | 52,912 | 11,117 | 11,118 | 202,586 | 204,421 |
| 39,463 | 41,359 | 22,302 | 24,412 | 142,920 | 162,524 |
| 174,905 | 173,879 | - | - | 588,554 | 644,593 |
| 64,618 | 62,024 | - | - | 65,901 | 63,656 |
| 140,001 | 110,213 | 14,804 | 22,636 | 302,784 | 281,380 |
| 64,046 | 68,098 | - | - | 288,025 | 274,746 |
| - | - | - | - | 10,336,331 | 8,519,713 |
| - | - | - | - | - | 47,396 |
| - | - | 85,711 | 77,316 | 85,711 | 77,316 |
| - | - | 83,730 | 65,152 | 83,730 | 65,152 |
| 14,848 | 21,244 | 10,025 | 8,407 | 75,960 | 80,396 |
| 398,628 | 376,758 | 89,119 | 93,182 | 936,738 | 911,848 |
| <u>271,204</u> | <u>308,193</u> | <u>(904,013)</u> | <u>(1,027,311)</u> | <u>-</u> | <u>-</u> |
| <u>1,687,190</u> | <u>1,816,396</u> | <u>-</u> | <u>-</u> | <u>15,344,796</u> | <u>14,180,819</u> |
| <u>\$ (48,989)</u> | <u>\$ (160,966)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,999,328</u> | <u>\$ 3,550,473</u> |

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER MATTERS**



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with
*Government Auditing Standards***

The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Abbeville, Louisiana's basic financial statements and have issued our report thereon dated June 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Abbeville, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Abbeville, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Abbeville, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Abbeville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 10, 2014

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

PART I SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been expressed on the primary government's governmental activities, business type activities, and each major fund financial statements as of and for the year ended December 31, 2013.

Due to the omission of the financial data of the legally separate component units of the City of Abbeville, Louisiana, we have expressed an adverse opinion on the aggregate discretely presented component units opinion unit.

Internal Control Deficiencies - Financial Reporting

No significant deficiency in internal control over financial reporting was disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

FEDERAL AWARDS

The City of Abbeville, Louisiana expended less than \$500,000 under federal programs during the year ended December 31, 2013, and therefore, an audit under the provisions of OMB Circular A-133 was not applicable.

PART II FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The audit did not disclose any findings that would require disclosure.

PART III FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

There are no findings and questioned costs related to federal programs.

PART IV MANAGEMENT LETTER

A management letter was not issued for the year ended December 31, 2013.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2013

Prior year audit findings:

2012-01 Controls for Youth Recreation Revenues, Expenditures and Financial Reporting

Criteria: The development of procedures for the complete and accurate financial reporting of the various inflows of cash from revenue generating activities (such as ticket sales for concessions and admission fees for youth athletic events) and the various outflows of costs related to those activities (such as concession supplies, concession labor, and contracted umpire/referee services) is important for evaluating the success and profitability of a youth recreation department.

Condition: A preliminary comparison of concession revenues, concession expenditures, and related gross profits for the year ended December 31, 2013 to those of the prior year yielded significant unexpected and unsatisfactory results. Upon further analysis and inquiry of personnel it was determined that the system of financial reporting was producing incomplete and inaccurate results due to the practice of utilizing the cash from concessions and/or admission fees to pay for the contracted services of umpires/referees and other expenses of the youth recreation department. Furthermore, a system to distinguish between revenue inflows from concessions and revenue inflows from admission fees was not consistently employed.

Effect: These practices have the effect of misstating revenues and expenditures and limit the evaluation of the profitability of concession activities. Management's decision making ability is lessened to the extent those decisions are based on incomplete and inaccurate financial data.

Recommendations: Youth recreation personnel have been provided examples of ticket reconciliation and cash collection reporting forms developed by other governmental institutions which can be modified as needed to provide the accounting department with complete and itemized data of daily cash collections including the specific information of cash amounts paid out. It is suggested that signed receipts be submitted as attachments to the cash collection reports. Use of differently colored pre-numbered tickets/wristbands is suggested so that the revenues from the admission fees may be distinguishable from concession revenues and reconciled independently. Youth recreation personnel should be assigned the task of completing the cash collection and ticket reconciliation reports which should be reviewed and approved by the Director prior to submission to the accounting department. The accounting department will be responsible for communicating instances where submissions are perceived to be insufficient or incomplete or not timely. Consideration should be given to the utilization of a drop box so that cash can be secure overnight. Finally, federal Form W-9 should be completed by each contracted umpire/referee and concession worker so that applicable taxable income reporting forms may be generated by the accounting department annually as required by law.

Status: This finding is resolved.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings (Continued)
Year Ended December 31, 2013

2012-02 Compliance with Public Bid Law Requirement to Obtain Three Quotes

Criteria: In accordance with LA R.S. 38:2212.1, equipment purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file.

Condition: The purchase of a used 2005 Chevy Tahoe in the amount of \$11,135 meeting the criteria of LA R.S. 38:2212.1 has been acknowledged to lack proper documentation of three telephone or facsimile quotations.

Effect: The effect is noncompliance with Louisiana Public Bid Law.

Recommendation: Such purchases should adhere to the requirements established by LA R. S. 38:2212.1, including maintaining the appropriate supporting documentation of quotations in the purchase file.

Status: This finding is resolved.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Management's Corrective Action Plan
Year Ended December 31, 2013

There are no current audit findings.